

## Message Text

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C O N F I D E N T I A L SECTION 1 OF 4 OSLO 1936

E.O. 11652: GDS  
TAGS: PLOS, NO  
SUBJECT: LAW OF THE SEA CONSULTATIONS--REDRAFT OF DEEP SEABED  
ARTICLES

REF: OSLO 1869

1. REDRAFT OF DEEP SEABED ARTICLES PROMISED BY AMBASSADOR  
VINDENES (REFTEL PAR 2) CABLED AT HIS REQUEST SO AMBASSADOR  
RICHARDSON AND STAFF WILL HAVE OPPORTUNITY TO STUDY THEM IN  
ADVANCE OF VINDENES VISIT TUESDAY.

2. BEGIN TEXT:

FINANCING OF THE ENTERPRISE

SUGGESTIONS BY AMBASSADOR CASTANEDA, WITH AMENDMENTS (UNDERLINED)  
SUGGESTED BY MINISTER EVENSEN.

NEW ARTICLE 22 BIS

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THE AUTHORITY SHALL BE PROVIDED WITH ITS OWN FUNDS, IN  
THE MANNER ESTABLISHED IN ARTICLE 41, PARAGRAPH 2 BIS AND IN ANNEX  
II, PARAGRAPH 6, IN ORDER TO ENABLE IT TO EXPLORE OR EXPLOIT  
DIRECTLY THE RESOURCES OF AREAS RESERVED TO IT IN ACCORDANCE  
TO ANNEX I, PARAGRAPH 8(D), OR OF OTHER PARTS OF THE AREA.

NEW PARAGRAPH 2 BIS OF ARTICLE 41

IN ORDER TO PROVIDE THE ENTERPRISE WITH ITS OWN FUNDS TO EXPLORE OR EXPLOIT THE RESOURCES OF THE AREA RESERVED TO THE AUTHORITY IN ACCORDANCE WITH ARTICLE 22 BIS AND WITH ANNEX I, PARAGRAPH 8 - , OR OF OTHER PARTS OF THE AREA, THE AUTHORITY SHALL ESTABLISH (BEGIN UNDERLINE) A PART, EARMARKED FOR THE ENTERPRISE, OF THE INCOME OF THE AUTHORITY AS PROVIDED IN ANNEX I PARA 9 (D) FROM: (END UNDERLINE)

(A) (BEGIN UNDERLINE) THE DUTY (END UNDERLINE) PAYABLE BY THE CONTRACTOR ON THE GRANTING OF ITS APPLICATION TO EXPLORE OR EXPLOIT THE RESOURCES OF A SPECIFIC AREA.

(B) (BEGIN UNDERLINE) THE TAXES (END UNDERLINE) ON THE VALUE OF THE MINERAL RESOURCES EXTRACTED BY THE CONTRACTOR, AND

(C) (BEGIN UNDERLINE) THE TAXES ON THE REVENUES OF CONTRACTORS DERIVED FROM THEIR ACTIVITIES IN THE AREA.

(D) OTHER REVENUES OF THE AUTHORITY. (END UNDERLINE)

AMENDMENT TO PARAGRAPH 6(A) (IV) OF ANNEX II

OTHER FUNDS MADE AVAILABLE TO THE ENTERPRISE FOR CARRYING OUT ITS FUNCTIONS, INCLUDING (BEGIN UNDERLINE) THOSE (END UNDERLINE) REFERRED TO IN ARTICLE 41, PARAGRAPH 2 BIS, AND OTHER AMOUNTS TO ENABLE IT TO COMMENCE OPEARATIONS AS SOON AS POSSIBLE.

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NEW PARAGRAPH 6(C) BIS OF ANNEX II

STATES PARTIES SHALL (BEGIN UNDERLINE) MAKE EVERY EFFORT (END UNDERLINE) TO SUPPORT APPLICATIONS BY THE ENTERPRISE TO INTERNATIONAL FINANCIAL INSTITUTIONS OF WHICH THEY ARE MEMBERS. ASTERISK

ASTERISK) HERE THERE MIGHT BE AN ADDITIONAL SENTENCE, REFLECTING THE CONCEPT IN THE STATEMENT OF AMBASSADOR RICHARDSON ON LIABILITY FOR GOVERNMENTS FOR COMMERCIAL DEBTS MADE AVAILABLE TO THE ENTERPRISE.

AMENDMENT TO ARTICLE II

1. THE AUTHORITY AND STATES PARTIES SHALL CO-OPERATE IN PROMOTING THE TRANSFER OF TECHNOLOGY AND SCIENTIFIC KNOWLEDGE RELATING TO ACTIVITIES IN THE AREA SO THAT THE ENTERPRISE AND ALL STATES BENEFIT THEREFROM. IN PARTICULAR THEY SHALL PROMOTE: (A) PROGRAMMES FOR THE PROMOTION OF TRANSFER OF TECHNOLOGY TO THE ENTERPRISE AND TO DEVELOPING COUNTRIES WITH REGARD TO

ACTIVITIES IN THE AREA, INCLUDING, INTER ALIA, FACILITATING THE ACCESS OF THE ENTERPRISE AND OF DEVELOPING COUNTRIES TO THE RELEVANT TECHNOLOGY, UNDER JUST AND REASONABLE CONDITIONS;

(B) MEASURES DIRECTED TOWARDS THE ADVANCEMENT OF THE TECHNOLOGY OF THE ENTERPRISE AND THE DOMESTIC TECHNOLOGY OF DEVELOPING COUNTRIES, PARTICULARLY THROUGH THE OPENING OF OPPORTUNITIES TO PERSONNEL FROM THE ENTERPRISE AND FROM DEVELOPING COUNTRIES FOR TRAINING IN MARINE SCIENCE AND TECHNOLOGY AND THEIR FULL PARTICIPATION IN ACTIVITIES IN THE AREA.

3. PROVISIONAL NATURE OF THE SYSTEM AND REVIEW OF THE SYSTEM  
SUGGESTIONS BY AMBASSADOR CASTANEDA, WITH ADDITION (UNDERLINED)  
SUGGESTED BY MINISTER EVENSEN.

NEW ARTICLES 64 AND 65

ARTICLE 64

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EVERY FIVE YEARS FROM THE PROVISIONAL OR DEFINITE ENTRY INTO FORCE OF THE CONVENTION, WHICHEVER TAKES PLACE FIRST, THE ASSEMBLY SHALL UNDERTAKE A GENERAL AND SYSTEMATIC REVIEW OF THE MANNER IN WHICH THE INTERNATIONAL REGIME OF THE AREA ESTABLISHED IN THE CONVENTION HAS OPERATED IN PRACTICE. IN THE LIGHT OF THE SAID REVIEW, THE ASSEMBLY MAY ADOPT, OR RECOMMEND OTHER ORGANS TO ADOPT, MEASURES WHICH, WITHOUT INVOLVING AMENDMENT OF PART I OF THE CONVENTION OR OF THE ANNEXES THERETO, WILL LAD TO THE IMPROVEMENT OF THE AFOREMENTIONED REGIME AND TO ITS BETTER ADAPTATION TO CHANGING CIRCUMSTANCES.

ARTICLE 65

1. TWENTY YEARS FROM THE PROVISIONAL OR DEFINITIVE ENTRY INTO FORCE OF THE CONVENTION, WHICHEVER TAKES PLACE FIRST, THE ASSEMBLY SHALL CONVENE A CONFERENCE FOR THE REVIEW OF PART I OF THE CONVENTION AND THE ANNEXES THERETO WHICH SHALL CONSIDER IN DETAIL, IN THE LIGHT OF THE EXPERIENCE ACQUIRED DURING THAT PERIOD, WHETHER THE INTERNATIONAL REGIME OF THE AREA ESTABLISHED IN THE CONVENTION HAS ACHIEVED ITS AIMS IN ALL RESPECTS AND, IN PARTICULAR, WHETHER IT HAS CONTRIBUTED TO A JUST DISTRIBUTION OF THE RESOURCES OF THE AREA, WHETHER IT HAS NOT RESULTED IN AN EXCESSIVE CONCENTRATION OF THESE RESOURCES IN THE HANDS OF A SMALL NUMBER OF STATES, WHETHER THE ECONOMIC PRINCIPLES SET FORTH IN ARTICLE 9 HAVE BEEN COMPLIED WITH AND WHETHER THE REGIME HAS BENEFITED THE DEVELOPING COUNTRIES.

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2. IN PARTICULAR, THE CONFERENCE SHALL CONSIDER  
WHETHER, DURING THE TWENTY-YEAR PERIOD, AND ECONOMIC BALANCE HAS  
BEEN MAINTAINED BETWEEN THE AREAS RESERVED FOR THE AUTHORITY  
AND THE CONTRACT AREAS EXPLOITED BY STATES, STATE ENTERPRISES,  
NATURAL OR JURIDICAL PERSONS, OR ANY ASSOCIATION THEREOF.

3. IF THE CONFERENCE DECIDES TO AMEND PART I OF THE  
CONVENTION AND THE ANNEXES THERETO, IT SHALL IN ANY EVENT  
ENSURE THAT THE PRINCIPLE OF THE COMMON HERITAGE OF  
MANKIND, THE INTERNATIONAL REGIME DESIGNED TO ENSURE ITS  
EQUITABLE EXPLOITATION FOR THE BENEFIT OF ALL COUNTRIES,  
ESPECIALLY THE DEVELOPING COUNTRIES, AND AN AUTHORITY TO  
ORGANIZE AND CONTROL ACTIVITIES IN THE AREA ARE MAINTAINED.

4. THE CONFERENCE SHALL DETERMINE THE SYSTEM OF VOTING  
AND SUCH OTHER REQUIREMENTS AS MAY BE NEEDED TO AMEND  
PART I OF THE CONVENTION AND THE ANNEX THERETO, BEGIN UNDERLINE  
PROVIDED THAT THE MAJORITY REQUIRED UNDER ITS VOTING SYSTEM SHALL  
NOT BE SMALLER THAN THE MAJORITY REQUIRED FOR DECISIONS BY  
VOTING OF THE THIRD UNITED NATIONS CONFERENCE ON THE LAW  
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OF THE SEA, UNDER RULE 39 OF THE RULES OF PROCEDURE FOR  
THAT CONFERENCE. THE CONFERENCE SHALL MAKE EVERY EFFORT TO  
REACH AGREEMENT ON SUBSTANTIVE MATTERS BY WAY OF CONSENSUS

AND THERE SHALL BE NO VOTING ON SUCH MATTERS BY WAY OF CONSENSUS  
AND THERE SHALL BE NO VOTING ON SUCH MATTERS UNTIL ALL  
EFFORTS AT CONSENSUS HAVE BEEN EXHAUSTED.

5. BEGIN UNDERLINE AMENDMENTS ADOPTED BY THE CONFERENCE UNDER  
THE PROVISIONS OF THIS ARTICLE SHALL NOT AFFECT RIGHTS ACQUIRED  
UNDER EXISTING CONTRACTS. IN ADOPTING RULES, REGULATIONS  
AND PROCEDURES ON DURATION OF ACTIVITIES UNDER PARAGRAPH  
12(B) (2) OF ANNEX I OF THIS PART OF THE CONVENTION, THE  
AUTHORITY SHALL HOWEVER TAKE INTO ACCOUNT THE POSSIBILITY  
OF THE CONVENTION BEING AMENDED, PROVIDED THAT IN ALL CASES  
A REASONABLE TIME FOR RETURN ON CAPITAL SHALL BE GIVEN. END  
UNDERLINE.

4. SUGGESTED COMPROMISE:

#### ARTICLE 9

ACTIVITIES IN THE AREA SHALL BE UNDERTAKEN IN SUCH A MANNER  
AS TO FOSTER THE HEALTHY DEVELOPMENT OF THE WORLD ECONOMY AND  
A BALANCED GROWTH IN INTERNATIONAL TRADE, TO PROMOTE INTERNATIONAL  
COOPERATION FOR THE OVERALL DEVELOPMENT OF ALL COUNTRIES,  
ESPECIALLY OF DEVELOPING COUNTRIES, AND TO ENSURE THAT THE DEVELOP-  
MENT AND UTILIZATION OF TE RESOURCES IN THE AREA IS CONDUCTED  
IN AN ORDERLY, SAFE, RATIONAL AND EQUITABLE MANNER. TO THIS END  
MANAGEMENT OF THE RESOURCES IN THE AREA SHALL:

1. ENSURE EQUITABLE SHARING OF FINANCIAL AND OTHER  
ECONOMIC BENEFITS, TAKING INTO PARTICULAR CONSIDERATION  
THE INTERESTS AND NEEDS OF THE DEVELOPING COUNTRIES  
IN ACCORDANCE WITH ARTICLE 26 AND CONSISTENT WITH  
ARTICLES 11, 18 AND 23 AND THE NEED FOR TRANSFER  
OF REVENUES AND TECHNOLOGY TO THE AUTHORITY,  
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2. ENSURE THE TRANSFER OF REVENUES AND OF TECHNOLOGY  
TO THE AUTHORITY,

3. INCREASE AVAILABILITY OF RESOURCES TO MEET WORLD  
DEMAND AND OPPORTUNITIES FOR ALL STATES PARTIES TO  
PARTICIPATE IN THE DEVELOPMENT OF THE RESOURCES IN  
THE AREA.

4. PROTECT DEVELOPING COUNTRIES FROM ADVERSE AFFECTS ON  
THEIR ECONOMIES RESULTING FROM REDUCED EXPORT EARNINGS,  
TO THE EXTENT THAT SUCH REDUCTION WOULD BE CAUSED BY  
ACTIVITIES IN THE AREA, BY  
(I) FACILITATING, THROUGH EXISTING FORUMS OR SUCH NEW ARRANGEMENTS  
OR AGREEMENTS AS MAY BE APPROPRIATE AND IN WHICH ALL AFFECTED

PARTIES PARTICIPATE, MEASURES NECESSARY TO ACHIEVE THE GROWTH, EFFICIENCY AND STABILITY OF MARKETS FOR THOSE CLASSES OF COMMODITIES PRODUCED FROM THE AREA, AT PRICES RENUMERATIVE TO PRODUCERS AND FAIR TO CONSUMERS. ALL PARTIES SHALL CO-OPERATE TO THIS END. THE AUTHORITY SHALL HAVE THE RIGHT TO PARTICIPATE IN ANY COMMODITY CONFERENCE DEALING WITH THE CATEGORIES OF MINERALS PRODUCED IN THE AREA. THE AUTHORITY SHALL HAVE THE RIGHT TO BECOME A PARTY TO ANY SUCH ARRANGEMENT OR AGREEMENT RESULTING FROM SUCH CONFERENCES AS ARE REFERRED TO ABOVE. THE PARTICIPATION BY THE AUTHORITY IN ANY ORGNS ESTABLISHED UNDER THE ARRANGEMENTS OR AGREEMENTS REFERRED TO ABOVE SHALL BE IN RESPOECT OF THE PRODUCTION IN THE AREA AND IN ACCORDANCE WITH THE RULES OF PROCEDURE ESTABLISHED FOR SUCH ARGANS. IN CARRYING OUT THE DECISIONS TAKEN BY SUCH ORGANS, THE AUTHORITY SHALL ASSURE THE UNIFORM AND NON-DISCRIMINATORY IMPLEMENTATION OF SUCH DECISIONS IN RESPECT OF ALL PRODUCTION IN THE AREA OF THE MINERALS CONCERNED. IN DOING SO THE AUTHORITY SHALL ACT IN A MANNER CONSISTENT WITH THE TERMS OF EXISTING CONTRACTS. ALL CONTRACTS SHOULD, HOWEVER, RESERVE THE RIGHT TO THE AUTHORITY TO IMPLEMENT AS NECESSARY THE PRODUCTION LIMITATIONS PROVIDED FOR IN THIS ARTICLE, THROUGH PROPORIONATE REDUCTIONS OF PRODUCTION UNDER EXISTING AND FUTURE CONTRACTS.

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(II) THE AUTHORITY LIMITEING, IN AN INTERIM PERIOD SPECIFIED BELOW, TOTAL PRODUCTION IN THE AREA SO AS NOT TO EXCEED THE PROJECTED CUMULATIVE GROWTH OF THE NICKLE MARKET DURING THE PERIOD. DURING THE LAST TWENTY YEARS OF THE INTERIM PERIOD, FOLLOWING THE FURST FIVE YEARS OF COMMERCIAL PRODUCTION IN THE AREA, TOTAL PRODUCTION IN THE AREA SHALL NOT EXCEED THREE QUARTERS OF THE PROJECTED CUMULATIVE GROWTH SEGEMENT OF THE NICKLE MARKET DURING THE SAME PERIOD. THE CUMULATIVE GROWTH SEGEMENT FOR THE PRUPOSE OF THIS PART OF THE CONVENTION SHALL BE COMPUTED IN ACCORDANCE WITH ANNEX, I, PARAGRAPH 21 (SEE BELOW). THE INTERIM PERIOD REFERRED TO ABOVE SHALL BE OF A DURATION OF 25 YEARS AND SHALLBEGIN IMMEDIATELY UPON THE COMMENCEMENT OF COMMERCIAL PRODUCTION UNDER A CONTRACT.

(III) THE ESTABLISHMENT OF A SYSTEM OF COMPENSATION FOR DEVELOPING COUNTRIES IN RESPECT OF THE ADVERSE EFFECTS REFERRED TO IN THIS

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PARAGRAPH.

ANNEX I, PART 21

THE RATE OF INCREASE IN WORLD NICKEL DEMAND PROJECTED FOR THE INTERIM PERIOD REFERRED TO IN ARTICLE 9 SHALL BE THE AVERAGE ANNUAL RATE OF INCREASE IN WORLD DEMAND DURING THE 20-YEAR PERIOD PRIOR TO THE ENTRY INTO FORCE OF THIS PART OF THE CONVENTION. THE CUMULATIVE GROWTH SEGEMENT OF THE WORLD NICKEL MARKET REFERRED TO IN ARTICLE 9 SHALL BE COMPUTED ON THE BASIS OF THIS ANNUAL RATE OF INCREASE FROM A BASE AMOUNT, WHICH SHALL BE THE AVERAGE ANNUAL DEMAND DURING THE THREE-YEAR PERIOD IMMEDIATELY PROCEEDING THE YEAR IN WHICH THE INTERIN PERIOD COMMENCES.

5. SUGGESTED COMPROMISE FORMULA:

ARTICLE 22

1. ACTIVITIES IN THE AREA SHALL BE ORGANIZED, CONTROLLED AND CONDUCTED BY THE AUTHORITY IN ACCORDANCE WITH THE PRO-CONFIDENTIAL

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VISIONS OF THIS ARTICLE AND NNEX I AS WELL AS OTHER RELEVANT PROVISIONS OF THIS PART OF THE CONVENTION, AND THE RULES, REGULATIONS AND PROCEDUES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28(2) (XII).

2. ACTIVITIES IN THE AREAS HSALL BE CONDUCTED:

(I) DIRECTLY THROUGH THE ENTERPRISE, AND,

(II) IN ASSOCIATION WITH THE AUTHORITY AND ON TIS

BEHALF BY STATES PARTIES OR STATE ENTERPRISES, OR PERSONS

NATURAL OR JURIDICAL WHICH POSSESS THE NATIONALITY OF STATES

PARTIES OR ARE EFFECTIVELY CONTROLLED BY THEM OR THIER NATION-

ALS, WHEN SPONSORED BY SUCH STATES, OR ANY GROUP OF THE FORE-

GOING.

3. ACTIVITIES IN THE AREA SHALL BE CONDUCTED IN ACCORDANCE WITH A FORMAL WRITTEN PLAN OF WORK DRAWN IN ACCORDANCE WITH ANNEX I AND APPROVED BY THE CUNCIL AFTER REVIEW BY THE TECHNICAL COMMISSION, IN THE CASE OF ACTIVITIES IN THE AREA CONDUCTED IN ASSOCIATION WITH THE AUTHORITY BY THE ENTITIES SPECIFIED IN PARAGRAPH 2 (II) SUCH A SPLAN OF WORK SHALL BE IN THE FORM OF A CONTRACT SHALLEXERCISE SUCH CONTROL OVER ACTIVITIES IN THE AREA AS IS NECESSARY FOR THE PURPOSE OF SECURING COMPLIANCE WITH THE RELEVANT PROVISIONS OF THIS PART OF THE CONVENTION, INCLUDING ITS ANNEXES, AND THE RULES, REGULATIONS ANDPROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28 (2) (XII) AND THE PLAN OF WORK APPROVED IN ACCORDANCE WITH PARAGRAPH 3. STATES PARTIES SHALL ASSIST THE AUTHORITY BY TAKING ALL MEASURES NECESSARY TO ENSURE SUCH COMPLIANCE.

6. SUGGESTED COMPRIMISE FORMULA:

ARTICLE 23

1. THE AUTHORITY SHALL NOT DISCRIMINATE IN THE EXERCISE OF ITS POWERS AND FUNCTIONS, INCLUDING THE GRANTING OF OPPORTUNITIES FOR ACTIVITIES IN THE AREA, EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS PART OF THE CONVENTION. ALL RIGHTS  
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GRANTED SHALL BE FULLY SAFEGUARDED IN ACCORDANCE WITH THE PROVISIONS OF THIS PART OF THE CONVENTION.

2. SPECIAL CONSIDERATION FOR DEVELOPING COUNTRIES SPECIFICALLY PROVIDED FOR IN THIS PART OF THE CONVENTION, INCLUDING THEIR RIGHTS UNDER THE PROVISIONS OF ANNEX I, PARAGRAPH 8 BIS (I) (II),SHALL NOT BE DEEMED TO BE DISCRIMINATION.

7. SUGGESTED COMPROMISE FORMULA:

ANNEX I

PARA 8 (NEW)

ACTIVITIES CONDUCTED THROUGH THEENTERPRISE

ACTIVITIES IN THE AREA CONDUCTED UNDER ARTICLE 22.2(I) THROUGH THE ENTERPRISE SHALL BE GOVERNED BY THE RELEVANT PROVISIONS OF THIS PART OF THE CONVENTION INCLUDING THE RESOURCES POLICY SET FORTH IN ARTICLE 9 AND --,AS WELL AS THE STATUTES OF THE ENTERPRISE AND THE PROVISIONS OF THIS ANNEX AS PROVIDED BY PARAGRAPH 19 AND BY THE RULES, REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28(2)(XII).

PARAGRAPH 19 OF THE RSNT MIGHT BE AMENDED SO THAT TI WOULD ENUMERATE THOSE PARAGRAPHS OF THE ANNEX WHICH WOULD NOT APPLY



TO THE ENTERPRISE. (END FOOTNOTE)

PARA 8 (BIS)

(SELECTION OF APPLICANTS)

SUGGESTED COMPROMISE FORMULA:

A. THE AUTHORITY SHALL RECEIVE APPLICATION FOR CONTRACTS  
WITH RESPECT TO ACTIVITIES OF EXPLORATION AND EXPLOITATION  
ON THE THIRTIETH DAY AFTER THE ESTABLISHMENT OF THE ORGANS OF  
THE AUTHORITY, AND THEREAFTER EACH SIXTH MONTH ON THE SEVENTH  
DAY OF THAT MONTH.

B) UPON RECEIVING AN APPLICATION FOR A CONTRACT WITH  
RESPECT TO EXPLORATION AND EXPLOITATION THE AUTHORITY SHALL  
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FIRST ASCERTAIN WHETHER

(I) THE APPLICANT HAS COMPLIED WITH THE PROCEDURES  
ESTABLISHED FOR APPLICATIONS,

(II) THE APPLICANT POSSESSES THE REQUISITE QUALIFICATIONS  
PURSUANT TO PARAGRAPH 7 AND HAS GIVEN THE AUTHORITY  
THE COMMITMENTS AND ASSURANCES REQUIRED BY THE PARAGRAPH.

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C) ONCE IT IS ESTABLISHED THAT THE CONDITIONS REFERRED

TO IN SUB-PARAGRAPH B) ABOVE ARE MET, THE AUTHORITY SHALL ASCERTAIN WHETHER ANY COMPETING APPLICATION HAS BEEN RECEIVED AT THE SAME TIME IN RESPECT OF SUBSTANTIALLY THE SAME AREA AND CATEGORY OF MINERALS. IF NO SUCH COMPETING APPLICATION HAS BEEN RECEIVED, THE AUTHORITY SHALL ENTER INTO NEGOTIATIONS WITH THE APPLICANT ON THE TERMS OF A CONTRACT.

D) WITHIN THE FRAMEWORK OF THE PROVISIONS OF THIS PART OF THE CONVENTION AND THE RULES, REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28 (2)(XII), THE NEGOTIATIONS REFERRED TO IN SUBPARAGRAPH (C) SHALL HAVE AS THEIR PURPOSE THE CONCLUSION OF A CONTRACT. THEY SHALL DEAL WITH:

(I) OPERATION REQUIREMENTS UNDER PARAGRAPH 12 OF THIS ANNEX SUCH AS DURATION AND EXTENT OF ACTIVITIES, SIZE OF AREA, PERFORMANCE REQUIREMENTS AND PROTECTION OF THE MARINE ENVIRONMENT,

(II) THE FINANCIAL CONTRIBUTION TO BE MADE BY THE  
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APPLICANT UNDER PARAGRAPH 9 D) OF THIS ANNEX, AND

(III) PARTICIPATION OF DEVELOPING COUNTRIES AND  
TRANSFER OF TECHNOLOGY UNDER ARTICLSS.....

E) PRIOR TO THE CONCLUSION OF A CONTRACT THE AUTHORITY SHALL ENSURE THAT SUCH CONTRACT WOULD BE IN FULL CONFORMITY WITH THE PROVISIONS OF THIS PART OF THE CONVENTION AND THE RULES, REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28(2)(XII), IN PARTICULAR THE PROVISIONS, RULES, REGULATIONS AND PROCEDURES ON THE ISSUES ENUMERATED IN SUB-PARAGRAPH (D) ABOVE, AND THE PROVISIONS OF ARTICLE 9 AND THE RELEVANT DECIONS OF THE AUTHORITY IN IMPLEMENTATION THEREOF.

F) AS SOON AS THE QUESTIONS REFERRED TO IN SUB-PARAGRAPHS (D) AND (E) ABOVE HAVE BEEN RESOLVED, THE AUTHORITY SHALL CONCLUDE THE CORRESPONDING CONTRACT WITH THE APPLICANT. IN CASES OF A REFUSAL OF CONTRACT THE AUTHORITY SHALL STATE THE GROUNDS FOR SUCH REFUSAL.

G) IF THE AUTHORITY RECEIVES MORE THAN ONE APPLICATION AT THE SAME TIME IN RESPECT OF SUBSTANTIALLY THE SAME PART OF THE AREA AND CATEGORY OF MINERALS, SELECTION FROM AMONG THE APPLICANTS SHALL BE MADE ON A COMPETITIVE BASIS. IN ACCORDANCE WITH SUB-PARAGRAPH (C), THE AUTHORITY SHALL ENTER INTO NEGOTIATIONS WITH THE APPLICANTS IN ORDER TO SELECT ONE AMONG THEM ON THE BASIS OF A COMPARATIVE CONSIDERATION OF THEIR APPLICATIONS AND QUALIFICATIONS. ONCE THE SELECTION IS

MADE, THE AUTHORITY SHALL ENTER INTO NEGOTIATIONS WITH THE  
SELECTED APPLICANT ON THE TERMS OF A CONTRACT IN ACCORDANCE  
WITH SUB-PARAGRAPHS (C) AND (D).

H) IF THE CONTRACTOR IN ACCORDANCE WITH PARAGRAPH 5 OF  
THIS ANNEX HAS ENTERED INTO A CONTRACT WITH THE AUTHORITY  
FOR SEPARATE STAGES OF OPERATIONS, HE SHALL HAVE A PREFERENCE  
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AND A PRIORITY AMONG APPLICANTS FOR A CONTRACT FOR SUBSEQUENT  
STAGES OF OPERATIONS WITH REGARD TO THE SAME AREAS AND RE-  
SOURCES; PROVIDED, HOWEVER, THAT WHERE THE CONTRACTOR'S  
PERFORMANCE HAS NOT BEEN SATISFACTORY SUCH PREFERENCE OR  
PRIORITY MAY BE WITHDRAWN.

I) (I) THE PROPOSED CONTRACT AREA SHALL BE SUFFICIENTLY  
LARGE AND OF SUFFICIENT VALUE TO ALLOW THE AUTHORITY, AFTER  
THE STAGE OF EXPLORATION HAS BEEN COMPLETED, TO DETERMINE  
THAT ONE HALF OF IT SHALL BE RESERVED SOLELY FOR THE CONDUCT  
OF ACTIVITIES BY THE AUTHORITY THROUGH THE ENTERPRISE OR IN  
ASSOCIATION WITH DEVELOPING COUNTRIES. UPON SUCH DETERMINA-  
TION BY THE AUTHORITY THE CONTRACTOR SHALL INDICATE THE  
COORDINATES DIVIDING THE AREA INTO TWO HALVES OF EQUAL  
COMMERCIAL VALUE AND THE AUTHORITY SHALL SELECT THE HALF  
WHICH IS TO BE RESERVED. ALTERNATIVELY, THE CONTACT MAY  
COVER TWO AREAS OF LIKE SIZE AND EQUIVALENT COMMERCIAL VALUE,  
OF WHICH THE AUTHORITY AFTER THE STAGE OF EXPLORATION SHALL  
DEISGNATE ONE AS THE RESERVED AREA. IF THROUGH EXPLORATION  
OF THE AREA IT HAS BEEN ESTABLISHED THAT THE MINERALS CON-  
CERNED ARE SO CONCENTRATED IN ONE PARTICULAR PART OF THE  
TOTAL AREA AS TO MAKE IT NECESSARY TO EXPLOIT THEM AS A  
WHOLE, EXPLOITATION ACTIVITIES SHALL NOT COMMENCE UNTIL  
THE AUTHOIRTY AND THE CONTRACTOR HAS AGREED ON AN APPROPRIATE  
FORM OF JOINT EXPLOITATION.

(II) AREAS DESIGNATED BY THE AUTHORITY AS RESERVED  
AREAS IN ACCORDANCE WITH THIS SUB-PARAGRAPH, MAY BE EX-  
PLOITED ONLY BY THE AUTHORITY THROUGH THE ENTERPRISE OR IN  
ASSOCIATION WITH DEVELOPING COUNTRIES. THE ENTERPRISE SHALL  
BE GIVEN AN OPPORTUNITY TO DECIDE WHETHER IT WISHES TO  
CONDUCT THE ACTIVITIES IN THE DESIGNATED AREA ITSELF. WHEN  
CONSIDERING APPLICATIONS FROM DEVELOPING COUNTRIES, OR  
FROM A GROUP OF APPLICANTS WHICH INCLUDE DEVELOPING COUNTRIES,  
FOR AREAS DESIGNATED UNDER THIS SUB-PARAGRAPH, AND NOT  
SELECTED BY THE ENTERPRISE, THE AUTHORITY SHALL, BEFORE  
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CONFIDENTIAL

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ENTERING INTO A CONTRACT, ENSURE THAT THE DEVELOPING COUNTRIES  
WILL OBTAIN SUBSTANTIAL BENEFIT THEREFROM.

J) (THE ISSUE OF A QUOTA OR ANTI-MONOPOLY PROVISION.) END TEXT.  
ANDERS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXT, AGREEMENT DRAFT, SEABED, LAW OF THE SEA, AMENDMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 22-Apr-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977OSLO01936  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770140-0702  
**Format:** TEL  
**From:** OSLO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770429/aaaaayls.tel  
**Line Count:** 608  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 491c8ea0-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION DLOS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 12  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 OSLO 1869  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 07-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2721943  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LAW OF THE SEA CONSULTATIONS--REDRAFT OF DEEP SEABED ARTICLES  
**TAGS:** PLOS, NO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/491c8ea0-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009